

**MOUNT VERNON SCHOOL DISTRICT No. 320**  
**Skagit County, Washington**  
**September 1, 1992 Through August 31, 1993**

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**Schedule Of Findings**

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1. Staff Mix Should Be Correctly Reported To The Washington State Superintendent Of Public Instruction (SPI)

Staff mix factors are an integral part of the state funding formula for school districts. The factors are determined by each certificated staff member's educational training and professional experience as of October 1 of each year, and assigning them the appropriate staff mix factor from the Legislative Evaluation and Accountability Program (LEAP) table. Both the table and the guidelines for placement on the table are set forth in Chapter 392-121 of the *Washington Administrative Code* (WAC).

During our audit of the district's staff mix reporting, we tested the files of ten certificated employees. Of these files, seven were found to contain exceptions. These included:

- a. Overreporting of experience (two employees).
- b. Underreporting of experience (one employee, affects placement).
- c. Overreporting of credits earned (three employees, two affect placement).
- d. Underreporting of credits earned (one employee).

WAC 392-121-280 states in part:

School districts shall have documentation on file and available for review which substantiates each certificated employee's placement on the state-wide salary allocation schedule and on LEAP Documents 1 and 1R.

(2) . . . Districts shall document academic credits by having on file an official transcript or letter from the institution granting the credits.

(4) . . . Districts shall document years of experience that are eligible for application on the state-wide salary allocation schedule and on Leap Documents 1 and 1R. Documentation for years of experience shall be on letters or other documents which provide evidence of employment including dates of employment.

Three certificated staff members' placement on the Leap Document 1 and placement on the state-wide salary allocation schedule were affected by the staff mix reporting errors. As a result, the district received some state apportionment that it was not entitled to and

overpaid some of its certificated staff.

The errors occurred because the size and complexity of the counting process prevented the district from performing a complete file review. The district had hired an additional person to independently verify the educational training and professional experience reported. However, the district expects it to take a year to review the files of all certificated staff.

We recommend the district continue to review the files of all certificated staff for accuracy in reporting in compliance with the provisions of Chapter 392-121 WAC.

We also recommend the district make the necessary corrections and inform the SPI of the results of their review.

We further recommend the SPI make any necessary adjustments in the district's apportionment that result from the error corrections.

2. The District Should Improve Controls Over Associated Student Body (ASB) Activities

During our audit of Mount Vernon High School's records, we noted the following internal control weaknesses over ASB activities:

- a. A reconciliation of quantity sold to money deposited was not prepared for a candy sale.
- b. Reconciliations of quantity sold to money deposited were not prepared each time the soft drink machine was filled. In addition, a reconciliation prepared at year-end showed a loss of 19 cases.
- c. For door sales at one ASB play, prenumbered tickets were not consistently used. When the prenumbered ticket stock was depleted, stubs were reissued as "tickets" for the new entrants. As a result, a reconciliation of the tickets sold to money deposited could not be performed.
- d. Racquets were sold to students without supporting documentation of how many were sold, who purchased them, or what was charged. As a result, a reconciliation of racquet sales to money deposited could not be performed.
- e. A reconciliation of the number of cars washed to money deposited was not prepared for a car wash.

WAC 392-138-045 states in part:

Associated student body moneys shall be accounted for as follows:

- (a) Accounting methods and procedures shall comply with such rules and regulations and/or guidelines as are developed by the state auditor and the superintendent of public instruction and published in the Accounting Manual for Public Schools in the State of Washington . . . .

The *Accounting Manual for Public Schools in the State of Washington*, dated September 1986, ASB Fund VII-35, A Suggested System of Accounting For Associated Student Body Moneys At The School Level, ACCOUNTING ORGANIZATION AND METHODS Paragraph 3, provides in part:

The principles embodied in this system are those necessary to satisfy minimum requirements for adequate accounting and control of associated student body moneys. Any district, whatever the accounting system used, must base that system on both the required and the generally accepted school business procedures, some of which are:

Official prenumbered documents must be used to adequately safeguard and control the financial transactions of the associated student body. All tickets . . . must be prenumbered and accurately controlled to ensure the integrity of the accounting system.

All money upon receipt must be deposited intact to the district depository bank and then to the county treasurer for credit to the Associated Student Body Fund of the district . . . .

Due to the control weaknesses listed above, there is insufficient documentation to determine if loss has occurred. There is also an increase in risk of errors and irregularities which may occur and not be detected in a timely manner. In addition, the student bodies may not receive the full benefit of their fund raising efforts.

The control weaknesses exist because school personnel are unfamiliar with the necessary supporting documentation.

We recommend the district improve controls over ASB activities at Mount Vernon High School by:

- a. Preparing timely inventory records.
- b. Requiring the use of prenumbered tickets at activities where admission is charged.
- c. Instituting procedures to provide accountability by reconciling the items sold to receipts and money deposited.
- d. Requiring that this supporting documentation be kept on file for review and audit.
- e. Ensuring that personnel are adequately trained in ASB requirements.

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**Schedule Of Federal Findings**

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1. Payroll Charges To Federal Programs Should Comply With Federal Regulations

Our audit of the district's federal grant program Chapter 1 Regular, GR21745 (CFDA 84.010) disclosed that the district improperly charged \$1,702.40 in payroll costs to this grant during fiscal year 1992-93.

U.S. Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments*, states in part:

To be allowable under a grant program, costs must meet the following general criteria: Be necessary and reasonable for proper and efficient administration of the grant programs . . . .

As a result of the staff mix errors noted in the Schedule of Findings, Finding 1, one of the district's Chapter 1 teachers was overpaid. The allocation of the teacher's salary caused the district to receive excess Chapter 1 reimbursements in the amount of \$1,702.40.

We recommend the district remit \$1,702.40 to the U.S. Department of Education for the improperly charged payroll costs. We also recommend the district implement the recommendations noted in the Schedule of Findings, Finding 1 to ensure compliance with this requirement.